

MoneySpot Investment Fund

ARSN 616 929 849

Annual report for the financial year ended 30 June 2020

Index to the Financial Statements

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Independent Auditor's Report	5
Directors' Declaration	7
Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2020	8
Statement of Financial Position as at 30 June 2020	9
Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2020	10
Statement of Cash Flows for the year ended 30 June 2020	11
Notes to the Financial Statements	
1. General Information	12
2. Adoption of New and Revised Accounting Standards	12
3. Significant accounting policies	12
4. Financial Risk Management Objectives and Policies	16
5. Interest Income	18
6. Management Fees	18
7. Cash and Cash Equivalents	19
8. Financial Assets at Amortised Cost	19
9. Net Assets Attributable to Unitholders	20
10. Capital Management	20
11. Commitments and Contingencies	20
12. Changes in State of Affairs	21
13. Subsequent Events	21
14. Related Party Transactions	21
15. Auditor's Remuneration	23

Directors' Report

The directors of MSI Funds Management Limited (ACN 614 077 995; AFSL 491 268) (the "Responsible Entity"), of MoneySpot Investment Fund (the "Fund") submit their report for the Fund for the financial year ended 30 June 2020.

Information about the Directors and Senior Management

The names of the directors of the Responsible Entity, in office during the year ended 30 June 2020 are:

Name	Title
David Trew	Executive Director
David Spessot	Executive Director
Michael Prior	Director

The registered office and principal place of business of the Responsible Entity is Level 1, 7-11 Little Buckingham Street, Surry Hills NSW 2010.

Principal Activities

The Fund is a registered managed investment scheme, domiciled in Australia. The Fund was constituted on 2 February 2017, registered as managed investment scheme on 3 February 2017 and commenced operations on 13 April 2017. The financial statements cover the year from 1 July 2019 to 30 June 2020.

The principal activity of the Fund during the year was to invest in accordance with the provisions of the Fund's Constitution and its most recent Product Disclosure Statement dated 27 February 2020.

The Fund lends money to, or invests in unsecured notes issued by Australian Credit Licence (ACL) holders that participate in the small, medium and personal loan segment of the credit market. The investments the Fund makes are either the acquisition of unsecured short-term notes issued by the ACL holder with a duration of 6 to 12 months or short-term unsecured loans on similar terms.

The Fund did not have any employees during the reporting period.

Fund Service	Provider
Responsible Entity	MSI Funds Management Limited (ACN 614 077 995)
Custodian	One Managed Investment Funds Ltd (ABN 47 117 400 987)
Note issuer	MoneySpot Finance Pty Ltd (ACN 166 488 197)
Auditor	Mazars Audit (Qld) Pty Ltd (ACN 132 902 188; AAC 338599)
Fund Administrator	Unity Fund Services Pty Limited (ABN 16 146 747 122)

Review of Operations

Results

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The profit attributable to unitholders for the year ended 30 June 2020 was \$1,516,102 (2019: \$501,822).

Distributions

In respect of the financial year ended 30 June 2020, distributions totalling \$1,428,633 were paid to unitholders (2019: \$457,656) and \$149,557 was payable as at 30 June 2020 (2019: \$62,088).

Directors' Report (continued)

Value of Assets and Units Issued

The total value of the Fund's assets at 30 June 2020 was \$14,509,967 (2019: \$7,922,432). The total number of units on issue as at 30 June 2020 was 14,336,257 (2019: 7,746,355).

Fees paid and payable to the Responsible Entity

The following fees were paid or payable to the responsible entity out of the Fund during the year ended 30 June 2020:

	1 July 2019 to 30 June 2020 \$	1 July 2018 to 30 June 2019 \$
Management fee and Expense Recovery fee for the year to :		
MSI Funds Management Limited	<u>244,840</u>	<u>85,461</u>
Total Management fee and Expense Recovery fee expense for the year	<u>244,840</u>	<u>85,461</u>

Management fees paid and payable to the Responsible Entity

The following fees were paid or payable to the Responsible Entity out of the Fund's assets during the year ended 30 June 2020:

- Total management fees for the year were \$123,020 (2019: \$42,940).
- Management fees payable as at 30 June 2020 were \$12,078 (2019: \$6,526).

Changes in State of Affairs

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 2019. The World Health Organisation declared a global pandemic in March 2020 and as at 30 June 2020, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their responsible entities, both directly and indirectly.

As this situation is rapidly developing, the Responsible Entity has been monitoring both the valuation of the Fund's assets and the Fund's liquidity and is in close contact with its ACL holders and service providers in assessing the ongoing operations, liquidity, and lending arrangements and the basis of the values and estimates reported. In these circumstances, there is uncertainty around valuations. The Responsible Entity will continue to closely monitor market situations to ensure that valuations remain appropriate.

Other than the matter discussed above, there were no other significant changes in the state of affairs of the Fund during the financial year.

Subsequent Events

There has been no matter or circumstances occurring subsequent to the end of the year that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Future Developments

The Fund will be managed in accordance with the Constitution and investment objectives as detailed in its most recent Product Disclosure Statement dated 27 February 2020.

Directors' Report (continued)

Environmental Regulation and Performance

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Indemnification of Directors, Officers and Auditors

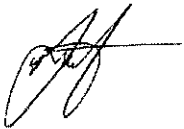
During the financial year, the Responsible Entity paid premiums in respect of contracts insuring the directors of the Responsible Entity against a liability incurred as a director or executive officer to the extent permitted by the Corporations Act 2001. The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

Auditor's Independence Declaration

The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred by such an officer or auditor.

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

The report is made in accordance with a resolution of the directors of the Responsible Entity, MSI Funds Management Limited.



David Spessot

Executive Director


30 September 2020

Auditor's Independence Declaration to the Directors of MoneySpot Investment Fund

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Mazars Audit (QLD) Limited
Authorised Audit Company: 338599


M. J. Green
Director
Brisbane, 30 September 2020

Independent Auditor's Report to the members of MoneySpot Investment Fund

Report on the Financial Report

We have audited the accompanying financial report of MoneySpot Investment Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of MoneySpot Investment Fund is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
Financial Assets (Note 3(f), 4, 5, 8, and 14(b))	
<p>The Fund held financial assets classified at amortised cost and values at \$14.2 million at 30 June 2020. These assets represented 98% of the total assets of the Fund and comprise unsecured loan notes, with a term of 6 to 12 months, issued by ACL holders that participate in the small, medium, and personal loan segment of the credit market or short-term unsecured loans on similar terms.</p> <p>Those loan notes are issued by MoneySpot Finance Pty Ltd, in accordance with the description of the business contained in the Product Disclosure Statement, dated 27 February 2020. This was a key audit matter because of the significance of financial assets to the Fund's total assets.</p>	<p>Our procedures around financial assets included, but were not limited to:</p> <ul style="list-style-type: none"> ▪ Substantively testing loan notes issued to the Fund during the year. ▪ Performing substantive analytical review procedures on loan notes. ▪ Enquiring as to the financial position of the note issuer, being MoneySpot Finance Pty Ltd and the financial position of the MoneySpot Finance Group. ▪ Considering disclosure of the investments and related matters in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MAZARS AUDIT (QLD)

MAZARS AUDIT (QLD) LIMITED
Authorised Audit Company: 338599


M. J. Green
Director

Brisbane, 30 September 2020

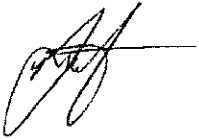
Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 (a) to the financial statements; and
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 295(4) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity, MSI Funds Management Limited



David Spessot

Executive Director

30 September 2020

Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2020

	Note	1 July 2019 to 30 June 2020 \$	1 July 2018 to 30 June 2019 \$
Revenue			
Interest income	5	<u>1,760,962</u>	<u>587,323</u>
Total revenue		<u>1,760,962</u>	<u>587,323</u>
Expenses			
Bank fee		20	40
Management fee	6	123,020	42,940
Expense recovery fee	6	<u>121,820</u>	<u>42,521</u>
Total expenses		<u>244,860</u>	<u>85,501</u>
Net gain attributable to unitholders		1,516,102	501,822
Finance costs attributable to unitholders			
Distributions to unitholders		1,516,102	501,822
Net gain attributable to unitholders after finance costs		<u>-</u>	<u>-</u>
Profit for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		<u>-</u>	<u>-</u>

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Financial Position as at 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
Assets			
Cash and cash equivalents	7(a)	206,563	218,749
GST receivable		4,354	1,752
Interest receivable	13(b)	12	-
Financial assets	8	14,299,038	7,701,931
Total assets		14,509,967	7,922,432
Liabilities			
Distributions payable		149,557	62,088
Management fees payable	6	24,038	12,988
Other payable	13(b)	-	101,001
Withholding tax payable		115	
Total liabilities (excluding net assets attributable to unitholders)		173,710	176,077
Net assets attributable to unitholders	9	14,336,257	7,746,355

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2020

	Note	Net assets attributable to unitholders of the Fund \$
Balance as at 1 July 2019		<u>7,746,355</u>
Issue of Class A units		8,846,655
Redemptions		(2,256,753)
Net gain attributable to unitholders		1,516,102
Distributions paid		<u>(1,516,102)</u>
Balance as at 30 June 2020	9	<u>14,336,257</u>
	Note	Net assets attributable to unitholders of the Fund \$
Balance as at 1 July 2018		<u>2,030,429</u>
Issue of Class A units		5,715,926
Net gain attributable to unitholders		501,822
Distributions paid		<u>(501,822)</u>
Balance as at 30 June 2019	9	<u>7,746,355</u>

The accompanying notes to the financial statements should be read in conjunction with this statement.

Statement of Cash Flows for the year ended 30 June 2020

	1 July 2019 To 30 June 2020 2020 \$	1 July 2018 To 30 June 2019 2019 \$
Cash flows from operating activities		
Interest received	1,760,950	586,734
Payment to suppliers	(236,413)	(76,599)
Net cash provided by operating activities	7(b) <u>1,524,537</u>	<u>510,135</u>
Cash flows from investing activities		
Payments for Loan Notes	(6,770,108)	(5,579,117)
Loan Notes redeemed	-	-
Net cash used in investing activities	<u>(6,770,108)</u>	<u>(5,579,117)</u>
Cash flows from financing activities		
Receipts from unitholders	8,513,490	5,936,118
Redemption to unitholders	(2,235,753)	(344,037)
Distributions paid to unitholders	(1,044,352)	(333,811)
Proceeds from advance received	-	-
Net cash provided by financing activities	<u>5,233,385</u>	<u>5,258,270</u>
Net increase in cash and cash equivalents	(12,186)	189,288
Cash and cash equivalents at the beginning of the year/period	<u>218,749</u>	<u>29,461</u>
Cash and cash equivalents at the end of the year/period	7(a) <u>206,563</u>	<u>218,749</u>

The accompanying notes to the financial statements should be read in conjunction with this statement.

Notes to the Financial Statements

1. General Information

MoneySpot Investment Fund (the "Fund") is an unlisted registered managed investment scheme. The responsible entity of the Fund is MSI Funds Management Limited (ACN 614 077 995; AFS 491 268) (the "Responsible Entity"). The registered office and principal place of business of the Responsible Entity is 7-11 Little Buckingham Street, Surry Hills NSW 2010.

The Fund was constituted on 2 February 2017, registered as a managed investment scheme on 3 February 2017 and commenced operations on 13 April 2017. The financial statements cover the period from 1 July 2019 to 30 June 2020.

The principal activity of the Fund is disclosed in the Directors' Report.

The financial statements were authorised for issue by the directors of the Responsible Entity on 30 September 2020. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Adoption of New and Revised Accounting Standards

Standards and interpretations affecting amounts reported in the current year

There were no new accounting standards adopted during the year which had a significant impact on the reported position and performance of the Fund.

Standards and Interpretations issued but not yet mandatory

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting policies

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board, the Fund's Constitution and the *Corporations Act 2001* in Australia.

Compliance with Australian Accounting Standards, as issued by the AASB ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

b) Basis of preparation

This general purpose financial report has been prepared using historical cost basis.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders. The amounts expected to be received or settled in relation to these balances cannot be readily determined.

All amounts are presented in Australian dollars as the functional and presentation currency of the Fund.

c) Going concern basis

This financial report has been prepared on a going concern basis.

Notes to the Financial Statements**3. Significant accounting policies (continued)*****d) Revenue and income recognition*****Revenue**

Revenue is recognised and measured at the fair value of the consideration received or receivable using a five-step model for recognizing revenue from contracts with customers. According to the standard, revenue must be allocated to performance obligations based on relative transaction prices. A performance obligation is defined as a promise to transfer goods and/or services to a customer. The recognition takes place over time or at a specific point in time, with passing of controls as the key criterion.

Interest income

Interest income is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

f) Financial instruments***Non-derivative financial instruments***

Non-derivative financial instruments comprise of cash and cash equivalents, financial assets, loans and receivables, as defined by AASB 132 'Financial Instruments: Presentation' and are categorised in accordance with AASB 9 'Financial Instruments.' This classification is determined by the purpose underpinning the acquisition of the investment.

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are initially recognised using trade date accounting i.e. when the Fund becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value plus, in the case of a financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Derecognition

Financial assets are derecognised if the Fund's contractual rights to the cash flows from the financial assets expire, or if the Fund transfers the financial assets to another party without retaining substantially all the risks and rewards attached to the asset.

Financial liabilities are derecognised if the Fund's obligations specified in the contract expire or are discharged or cancelled.

Impairment

The financial assets held at amortised cost are subject to impairment testing. At the end of each reporting period, the Fund assesses the expected credit loss attributable to the financial assets and determines whether additional impairment is required.

Notes to the Financial Statements**3. Significant accounting policies (continued)****f) Financial instruments (continued)****Unsecured Loan Notes**

The Fund invests in unsecured notes which are issued by ACL holders that participate in the small, medium and personal loan segment of the credit market with a term of 6 to 12 months or short-term unsecured loans on similar terms.

Although the notes issued are to be secured by a general security deed over MoneySpot Finance Pty Ltd's (the "Note Issuer") present and after acquired property, the notes are 'unsecured notes' pursuant to section 283BH of the Corporations Act.

The notes have a face value of \$1.00 per note with a coupon rate of approximately 15% per annum, although this may change over time in accordance with changes in credit markets. Interest on the notes is payable monthly. The notes have a maturity date of six months from the issue date, and they can be rolled over for another term of six months if some or all of the members in the Unit Class that relates to that note do not accept a withdrawal offer made by the Responsible Entity prior to the maturity date of the note.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. In accordance with AASB 132 where unitholders funds are classified as a financial liability and disclosed as such in the statement of financial position, they are referred to as "Net assets attributable to unitholders".

Derivative financial instruments

During the year, the Fund did not hold any derivative financial instruments to hedge its interest rate risk exposures.

g) Taxation

Under the current tax legislation, the Fund is not subject to income tax provided that the unitholders are presently entitled to the income of the Fund and that the Fund entirely distributes its taxable income.

There is no taxable income of the Fund to which the unitholders are not currently entitled. Additionally, the Fund's Constitution requires the distribution of the full amount of the net taxable income of the Fund to unitholders each year. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Fund, these gains would be included in the taxable income and assessable in the hands of the unitholders.

h) Distributions

In accordance with the Fund's Constitution, the Responsible Entity must pay distributions to unitholders within 90 days after the Distribution Calculation Date. According to the PDS dated 27 February 2020, the intention is that distributions will be paid monthly.

i) Payables

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

j) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

k) Critical accounting judgements and key sources of estimation uncertainty

Management has adhered to the Fund’s unit pricing policy which sets out the basis upon which the units of the Fund have been valued, a copy of which is available upon request.

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in notes 3(b) and 3(f) of these financial statements.

l) Goods and services tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the tax authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, management fees, administration fees and legal fees were subjected to the Reduced Input Tax Credits (“RITCs”) in accordance with legislation.

The following RITC rates were applied by the Fund during the reporting year ended 30 June 2020.

Services Supplied	RITC Rate
Trustee and RE services	55%
Investment management	75%

Notes to the Financial Statements

4. Financial Risk Management Objectives and Policies

The Fund is primarily exposed to the risks of the business model of MoneySpot Finance Pty Ltd (the “Note Issuer”). MoneySpot Finance Pty Ltd takes steps to reduce its exposure to fraud. These steps include identity verification process as well as using proprietary and third party provider’s fraud detection services. MoneySpot Finance Pty Ltd also applies the skills and resources of its team to detect signs of fraudulent intent within loan applications.

Measures implemented by MoneySpot Finance Pty Ltd to minimise vulnerability to fraud can include:

- Online borrower identity verification utilising the Illion e-Identity Check service;
- Undertaking fraud matching checks using a proprietary database prior to approving borrower credit applications;
- Carrying out a comprehensive credit assessment to determine the suitability of the loan;
- Contacting borrowers for further information or clarification of issues arising from the credit assessment;
- Assessment of the bone fide nature of any documents provided to support the loan application;
- An assessment of the applicants’ bank statement information, in particular the last 90 days’ worth of transaction history from their income account;
- Verification procedures to ensure that loan funds being disbursed are paid into the correct bank account, for example either an account belonging to the relevant borrower or to the account of the debt provider being refinanced in the case of a loan for debt consolidation.

Risks arising from investing in financial instruments are inherent in the Fund’s activities and cannot be completely mitigated by the Responsible Entity and the Fund’s appointed service providers. The Fund is exposed to a number of risks that could affect the performance of the Fund, the level of income distributions and the repayment of capital.

While the Responsible Entity cannot completely eliminate all risks, the Responsible Entity aims to manage the impact of these risks through the use of consistent and carefully considered investment guidelines and compliance procedures.

(a) Return risk

This is the risk that the entities the Fund invests in may not be able to provide an adequate return and hence the Fund may not be able to return its target 10 percent per annum distribution (pre-tax and post fund management fees and expenses) to its investors. An investment in the Fund is not the same as depositing money in an account with a bank and an investment in the Fund is riskier than depositing money in a transactional bank account or term deposit with a bank. An investment in the Fund is also not covered by the depositor protections available to depositors that make a deposit with an Australian ADI. Returns are not guaranteed.

There is a risk that either the entities in which the Fund invests, for example, MoneySpot Finance Pty Ltd, or the borrowers to whom entities such as MoneySpot Finance Pty Ltd lends may not be able to meet their financial obligations to pay interest and/or principal in respect of the Fund’s investments or loans when they fall due, which could impact upon the Fund’s performance and the value of Units.

(b) Regulation risk

The entities that the Fund invests in, issue loans that are usually unsecured, smaller, of a shorter duration and attract a higher fee or interest rate than standard secured loans usually offered by a bank. As a result, they have attracted attention from government regulators and consumer advocates who have argued for tighter regulation and a reduced fee structure. While the government has resolved to introduce limits on SACC lending, there is a risk there will be further regulation to limit the amount a consumer can be charged which could affect the Fund meeting its investment return objective. This can be mitigated by focusing on MACCs other credit products that meet our risk profile and rate of return.

Notes to the Financial Statements**4. Financial Risk Management Objectives and Policies (continued)*****(c) Diversification risk***

The Fund will invest the first \$100m it raises in unsecured notes issued by MoneySpot Finance Pty Ltd. MoneySpot Finance Pty Ltd is a related entity of the Responsible Entity and participates in the small and medium loans segment of the credit market. It will use the funds it receives from the Fund to further participate in the small and medium loans segment of the market. While this segment can be especially profitable with a lower overall default risk due to the spread of loans over thousands of borrowers, all the loans are being made by one entity, MoneySpot Finance Pty Ltd. The Fund will therefore depend on the performance of MoneySpot Finance Pty Ltd to be able to lend and collect interest and principal repayments from its borrowers, and this risk is not borne across different small amount lenders for the first \$100 million of investment monies raised.

(d) Defaults and non-performing loans

Investors should note the Responsible Entity believes it is inevitable that some of MoneySpot Finance Pty Ltd's loans will become delinquent as a result of borrowers' failure or inability to pay, despite diligent credit assessment measures undertaken by MoneySpot Finance Pty Ltd. Therefore, Investors should be aware the Fund will bear some risk in this regard. If defaults were to occur on a larger than expected scale, there may be a negative effect upon the Fund's returns as a result of MoneySpot Finance Pty Ltd's borrowers' failure or inability to repay their loans impacting on MoneySpot Finance Pty Ltd's ability to pay the coupon rate and principal repayments under the unsecured notes it issues to the Fund. MoneySpot Finance Pty Ltd's historic loan default rate is approximately 5% of the principal amounts lent. Past performance is not necessarily indicative of future performance.

(e) Loan origination risk

A failure by MoneySpot Finance Pty Ltd to deploy funds to its borrowers may result in an application to invest in the Fund being rejected by the Responsible Entity, in whole or in part. If an application is refused, then the Application Money will be refunded. No interest will be paid on the Application Money for the period it is in the applications bank account.

(f) Legal & Regularity change

Changes in laws (including taxation laws) or their interpretation, including changes in the practice and policy of regulators, may have a negative impact on the Fund. In addition, if the AFSL of the Responsible Entity or the ACL of MoneySpot Finance Pty Ltd is suspended or revoked, then this could impact adversely on the Fund. A deficiency in loan documentation could also, in some circumstances, adversely affect the return from the Fund's investments.

(g) Defaults and non-performing loans

Investors should note the Responsible Entity believes it is inevitable that some of Notes Issuer's loans will become delinquent as a result of borrowers' failure or inability to pay, despite diligent credit assessment measures undertaken by it. Therefore, Investors should be aware the Fund will bear risk. If defaults were to occur on a larger than expected scale, there may be a negative effect upon the Fund's returns as a result of Notes Issuer's borrowers' failure or inability to repay their loans impacting on Notes Issuer's ability to pay the coupon rate and principal repayments under the unsecured notes it issues to the Fund. Historic loan default rate is approximately 5% of the principal amounts lent.

(h) Related Parties and Conflicts of Interest

The Responsible Entity has significant roles and responsibilities in relation to the Fund. It is a related party and is a wholly-owned entity of MoneySpot Finance Pty Ltd. There is a risk that decision-making between the entities may not be impartial. This may adversely affect the viability of the Fund.

(i) Operational and Procedural risk

The success of the Fund is dependent upon the operational stability of the Fund, in particular the operating and administration procedures and operational controls established by the Responsible Entity. A breakdown in the administrative procedures or operational controls may cause a disruption of day-to-day Fund operations. Such interruptions may arise internally through human error or technology and infrastructure failure or possible external events such as natural disasters or regulatory changes. Whilst procedures to address such occurrences are in place and the procedures are monitored, these risks cannot be mitigated entirely.

Notes to the Financial Statements
4. Financial Risk Management Objectives and Policies (continued)
(j) Liquidity risk

The Fund will be illiquid. This means you will only be able to withdraw from the Fund in response to a withdrawal offer made by the Responsible Entity. The Responsible Entity can only make withdrawal offers if there are sufficient assets available to it to satisfy any withdrawal requests made in response to the offer. The availability of assets is primarily affected by the returns the Fund receives from its investments, in particular, the payment of coupon amounts by MoneySpot Finance Pty Ltd and repayment of unsecured notes on maturity.

(k) Fraud

There is a risk that borrowers may deliberately fabricate evidence to support their loan applications and that they have no intention of paying off their loan. Although MoneySpot Finance Pty Ltd has procedures in place to detect fraudulent applications, the risk of fraud cannot be completely discounted.

5. Interest Income

The following table provides information about the interest income generated from different sources during the financial year ended 30 June 2020.

	1 July 2019 to 30 June 2020 \$	1 July 2018 To 30 June 2019 \$
Loan Notes	1,759,345	586,175
Bank	1,617	1,148
Total for the year	1,760,962	587,323

6. Management Fees

In accordance with the Fund's Constitution, The Responsible Entity is entitled to an ongoing management fee of up to three percent per annum of the Net Asset Value. This fee is accrued daily and is payable quarterly in arrears out of the assets of the Fund from the commencement of the Fund to the date of the final distribution following a winding up of the Fund in accordance with its Constitution. The value of the assets will be determined as at the most recent valuation time.

The ongoing management fee comprise of an investment management fee of 1.075% per annum and an expense recovery fee of 1.025% per annum of the net value of the Fund's assets.

Management fees are the fees payable under the Constitution to The Responsible Entity for the management of the Fund. The expense recovery fee represent the operating expenses incurred in the operation of the Fund.

The Constitution of the Fund allows for all properly incurred expenses to be recovered directly from the Fund and does not place any limit on the amount or types of expenses that can be recovered. If applicable, when expenses are paid by the Fund, they will be deducted from the Fund's assets and reflected in the Fund's unit price. Expenses are generally paid when incurred.

The following fees were payable to the Responsible Entity out of the Fund's assets during the year ended 30 June 2020:

- Total management fees and expense recovery fees for the year ended 30 June 2020: \$244,840. (2019: \$85,461)
- Management fees and expense recovery fees payable as at 30 June 2020: \$24,038 (2019: \$12,988)

Notes to the Financial Statements
7. Cash and Cash Equivalents

- (a) Cash and cash equivalents include cash on hand, cash at banks net of outstanding overdrafts and cash balances held with brokers. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	30 June 2020 \$	30 June 2019 \$
Cash at bank	206,563	218,749

- (b) Reconciliation of Net gain attributable to unitholders before finance costs for the year to net cash flows provided by operating activities:

	1 July 2019 to 30 June 2020 \$	1 July 2018 To 30 June 2019 \$
Net gain attributable to unitholders before finance costs	1,516,102	501,822
Change in assets and liabilities:		
Net changes in receivables	(2,614)	(568)
Net changes in payables	11,049	8,881
Net cash provided by operating activities	1,524,537	510,135

8. Financial Assets at Amortised Cost

	30 June 2020 \$	30 June 2019 \$
Unsecured Loan Notes at amortised cost - current	14,299,038	7,701,931

The Loan Notes have a face value of \$1 per note with a coupon rate of 15% per annum and a fixed term of 6 months. The carrying amounts of loan notes are a reasonable approximation of the fair value at the reporting date.

Notes to the Financial Statements
9. Net Assets Attributable to Unitholders
Year ended 30 June 2020

	<u>No. of Units</u>	<u>\$</u>
Opening balance as at 1 July 2019	7,746,355	7,746,355
Applications for units by unitholders	8,462,490	8,462,490
Units re-invested	384,165	384,165
Redemptions	(2,256,753)	(2,256,753)
Distributions paid to unitholders	-	(1,516,102)
Total comprehensive income	-	1,516,102
Balance as at 30 June 2020	<u>14,336,257</u>	<u>14,336,257</u>

Period ended 30 June 2019

	<u>No. of Units</u>	<u>\$</u>
Opening balance as at 1 July 2018	2,030,429	2,030,429
Applications for units by unitholders	5,592,082	5,592,082
Units re-invested	123,844	123,844
Distributions paid to unitholders	-	(501,822)
Total comprehensive income	-	501,822
Balance as at 30 June 2019	<u>7,746,355</u>	<u>7,746,355</u>

10. Capital Management

As a result of the ability to issue, redeem and transfer units, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable units. The Fund's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in the Fund's product disclosure statement;
- to achieve consistent returns while safeguarding capital by investing in unsecured notes made to the Note Issuer
- to maintain sufficient liquidity to meet the ongoing expenses of the Fund; and
- to maintain sufficient size to make the operation of the Fund cost-efficient.

11. Commitments and Contingencies

There were no commitments or contingencies at 30 June 2020.

Notes to the Financial Statements
12. Changes in State of Affairs

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 2019. The World Health Organisation declared a global pandemic in March 2020 and as at 30 June 2020, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their responsible entities, both directly and indirectly.

As this situation is rapidly developing, the Responsible Entity has been monitoring both the valuation of the Fund's assets and the Fund's liquidity and is in close contact with its ACL holders and service providers in assessing the ongoing operations, liquidity, and lending arrangements and the basis of the values and estimates reported. In these circumstances, there is uncertainty around valuations. The Responsible Entity will continue to closely monitor market situations to ensure that valuations remain appropriate.

Other than the matter discussed above, there were no other significant changes in the state of affairs of the Fund during the financial year.

13. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year ended 30 June 2020 that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

14. Related Party Transactions
(a) MSI Funds Management Limited (the Responsible Entity)

MSI Funds Management Limited is an unlisted public company which holds AFS Licence number 491 268. It is wholly owned by MoneySpot Finance Pty Ltd, a small and medium amount credit contract provider which holds an Australian Credit Licence.

The key management personnel of the Responsible Entity for the financial year ended 30 June 2020 are:

Name	Title
David Trew	Executive Director
David Spessot	Executive Director
Michael Prior	Director

Holding of units by key management personnel and their associated entities for MSI Funds Management Limited at 30 June 2020 are as follows:

	30 June 2020		30 June 2019	
	Units held	% of the Fund	Units held	% of the Fund
David Trew and associated entities	400,000	2.79%	400,000	10.12%
David Spessot and associated entities	400,000	2.79%	400,000	10.12%
	800,000	5.58%	800,000	20.24%

Notes to the Financial Statements
14. Related Party Transactions
(a) MoneySpot Investments Limited (the Responsible Entity) (continued)

Distributions paid and payable to key management personnel and their associated entities for the year ended 30 June 2020:

	Paid	Payable	Gross
30 June 2020			
David Trew and associated entities	51,577	4,240	55,817
David Spessot and associated entities	51,577	4,240	55,817
	103,154	8,480	111,634
30 June 2019			
David Trew and associated entities	51,276	4,061	55,337
David Spessot and associated entities	51,276	4,061	55,337
	102,552	8,122	110,674

No fees or remuneration were paid directly to the key management personnel from the Fund during the financial year ended 30 June 2020. Refer to Note 5 for the fees paid to the Responsible Entity.

The following fees were payable to the Responsible Entity out of the Fund's assets during the year ended 30 June 2020:

- Total management fees and expense recovery fees for the year ended 30 June 2020: \$244,840 (30 June 2019: \$85,461).
- Management fees and expense recovery fees payable as at 30 June 2020: \$24,038 (30 Jun 2019: \$12,988).

(b) MoneySpot Finance Pty Ltd (the Note Issuer)

MoneySpot Finance Pty Ltd is the sole shareholder of the Responsible Entity, MSI Funds Management Limited. Two directors of MoneySpot are also directors of MoneySpot Finance Pty Ltd and interests associated with them collectively own all of the capital of MoneySpot Finance Pty Ltd.

The key management personnel of MoneySpot Finance Pty Ltd Pty Ltd in relation to the Fund for the financial year ended 30 June 2020 is:

Name	Title
David Trew	Executive Director
David Spessot	Executive Director

No fees or remuneration were paid directly to the key management personnel from the Fund during the financial year ended 30 June 2020.

As at 30 June 2020, the Fund has invested \$14,299,038 in Loan Notes issued by MoneySpot Finance Pty Ltd (30 June 2019: \$7,701,931).

The Fund earned \$1,759,345 in interest income on the Loan Notes issued (30 June 2019: \$586,175).

As at 30 June 2020, the Fund is owed \$12 by MoneySpot Finance Pty Ltd in relation to a shortfall in the June 2020 Loan Notes interest (2019: the Fund owed \$101,001 to MoneySpot Finance Pty Ltd in relation to 28th June 2019 Loan Notes issued by MoneySpot Finance Pty Ltd but which were unpaid at the reporting date). The underpayment was subsequently received in July 2020.

Notes to the Financial Statements

14. Related Party Transactions (continued)

(c) Specialist Residential Property Impact Fund ("SRPI Fund")

The SRPI Fund is an unlisted Australian unit trust and managed investment scheme which has been registered with ASIC on 21 March 2019. As at 30 June 2020, the Fund was still in initial start-up phase.

The key management personnel of Specialist Residential Property Impact Fund for the financial year ended 30 June 2020 are:

Name	Title
David Trew	Executive Director
David Spessot	Executive Director
Michael Prior	Director

At reporting date, Specialist Residential Property Impact Fund held nil units (2019: \$600,000 in units) in MoneySpot Investment Fund.

15. Auditor's Remuneration

	30 June 2020	30 June 2019
	\$	\$
Mazars Audit (Qld) Pty Ltd		
Auditing of the financial report	8,500	8,405

The auditor's remuneration was borne by the Responsible Entity in accordance with the Fund's Constitution. There were no other services provided by the auditor to the Fund.